

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2005**

	July-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	FYTD	FY05	Ended	Ended
		Actual		Net ROR	Net	Net	6/30/2005	6/30/2005
							Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
Los Angeles Capital	77,527	2.9%	2.8%	4.33%	4.33%	7.56%	N/A	N/A
<b>Total Structured Growth</b>	<b>77,527</b>	<b>2.9%</b>	<b>2.8%</b>	<b>4.33%</b>	<b>4.33%</b>	<b>7.56%</b>	<b>7.46%</b>	<b>-9.18%</b>
Russell 1000 Growth				4.89%	4.89%	1.68%	7.26%	-10.36%
<i>Structured Value</i>								
LSV	78,159	2.9%	2.8%	4.05%	4.05%	18.35%	14.73%	14.78%
Russell 1000 Value				2.89%	2.89%	14.06%	11.00%	6.55%
<i>Russell 1000 Enhanced Index</i>								
LA Capital	152,689	5.8%	5.6%	3.84%	3.84%	7.93%	N/A	N/A
Russell 1000				3.89%	3.89%	7.92%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>								
Westridge	151,716	5.7%	5.6%	3.75%	3.75%	6.58%	N/A	N/A
S&P 500				3.72%	3.72%	6.32%	N/A	N/A
<i>Index</i>								
State Street	50,264			3.70%	3.70%	6.27%	8.22%	-2.45%
<b>Total Index</b>	<b>50,264</b>	<b>1.9%</b>	<b>1.9%</b>	<b>3.70%</b>	<b>3.70%</b>	<b>6.27%</b>	<b>8.22%</b>	<b>-2.45%</b>
S&P 500				3.72%	3.72%	6.32%	8.28%	-2.37%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>510,355</b>	<b>19.2%</b>	<b>18.8%</b>	<b>3.91%</b>	<b>3.91%</b>	<b>8.89%</b>	<b>9.59%</b>	<b>-0.28%</b>
S&P 500				3.72%	3.72%	6.32%	8.28%	-2.37%
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>								
SEI	176,139	6.6%	6.3%	6.87%	6.87%	9.32%	13.32%	N/A
Russell 2000 + 200bp				6.50%	6.50%	11.64%	15.07%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>176,139</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.87%</b>	<b>6.87%</b>	<b>9.32%</b>	<b>13.32%</b>	<b>5.50%</b>
Russell 2000				6.34%	6.34%	9.45%	12.81%	5.71%
<b>CONVERTIBLES</b>								
TCW	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Merrill Lynch All Convertibles				0.00%	N/A	N/A	N/A	N/A
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Active</i>								
Capital Guardian	108,499	4.1%	4.0%	3.78%	3.78%	10.32%	7.44%	-3.80%
LSV	109,873	4.1%	4.0%	3.40%	3.40%	N/A	N/A	N/A
Transition Account	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<b>Total Large Cap - Active</b>	<b>218,372</b>	<b>8.2%</b>	<b>8.0%</b>	<b>3.59%</b>	<b>3.59%</b>	<b>13.23%</b>	<b>12.39%</b>	<b>7.26%</b>
MSCI EAFE - 50% Hedged				3.40%	3.40%	14.41%	8.84%	-2.61%
<i>Small Cap - Value</i>								
Lazard	26,697	1.0%	1.0%	3.90%	3.90%	18.18%	N/A	N/A
Citigroup Broad Market Index < \$2BN				3.90%	3.90%	21.33%	N/A	N/A
<i>Small Cap - Growth</i>								
Vanguard	27,051	1.0%	1.0%	4.53%	4.53%	24.11%	N/A	N/A
Citigroup Broad Market Index < \$2BN				3.90%	3.90%	21.33%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>272,120</b>	<b>10.3%</b>	<b>10.0%</b>	<b>3.71%</b>	<b>3.71%</b>	<b>15.34%</b>	<b>10.62%</b>	<b>-2.10%</b>
MSCI EAFE - 50% Hedged				3.40%	3.40%	14.41%	8.84%	-2.61%
<b>DOMESTIC FIXED INCOME</b>								
<i>Core Bond</i>								
Western Asset	490,678	18.5%	18.3%	-0.52%	-0.52%	7.14%	7.36%	8.59%
Lehman Aggregate				-0.91%	-0.91%	6.80%	5.75%	7.40%
<i>Index</i>								
Bank of ND	452,483	17.1%	18.3%	-0.96%	-0.96%	4.08%	5.66%	7.26%
Lehman Gov/Credit (1)				-1.13%	-1.13%	4.80%	5.82%	7.35%
<i>BBB Average Quality</i>								
Wells Capital (formerly Strong)	487,416	18.4%	18.3%	-0.71%	-0.71%	9.14%	9.20%	N/A
Lehman US Credit BAA				-0.74%	-0.74%	8.60%	9.42%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,430,576</b>	<b>53.9%</b>	<b>55.0%</b>	<b>-0.72%</b>	<b>-0.72%</b>	<b>6.14%</b>	<b>6.59%</b>	<b>7.79%</b>
Lehman Gov/Credit				-1.13%	-1.13%	7.26%	6.41%	7.70%
<b>CASH EQUIVALENTS</b>								
Bank of ND	262,961	9.9%	10.0%	0.29%	0.29%	2.46%	1.74%	2.68%
90 Day T-Bill				0.23%	0.23%	2.15%	1.55%	2.62%
<b>TOTAL BONDING FUND</b>	<b>2,652,152</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.19%</b>	<b>1.19%</b>	<b>6.51%</b>	<b>7.96%</b>	<b>4.19%</b>
POLICY TARGET BENCHMARK				0.84%	0.84%	6.74%	5.31%	3.06%

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.